

# **Exhibit I**



## ORAL VIDEOTAPE DEPOSITION OF VITALIY GODLEVSKY

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1 ORAL AND VIDEOTAPED DEPOSITION OF VITALIY  
2 GODLEVSKY, produced as a witness at the instance of  
3 the Plaintiff, duly sworn, was taken in the  
4 above-styled and numbered cause on September 6, 2007,  
5 from 9:44 to 6:02, before Phyllis Loy, CSR in and for  
6 the State of Texas, reported by stenotype, at the  
7 offices of The Solomon Law Firm, 2950 North Loop West,  
8 Suite 500, Houston, Texas, pursuant to the Texas Rules  
9 of Civil Procedure and the provisions stated on the  
10 record or attached hereto.

## A P P E A R A N C E S

## FOR THE PLAINTIFF:

13 Mr. Timothy McInturf  
14 Mr. G. Mark Jodon  
15 Mr. Timothy Rybacki  
16 Littler Mendelson  
1301 McKinney Street, Suite 1900  
Houston, Texas 77010  
Telephone: 713.951.9400  
17 Facsimile: 713.951.9212  
E-mail: tmcinturf@littler.com

## FOR THE DEFENDANTS:

20 Mr. Lee Solomon  
21 The Solomon Law Firm, P.C.  
2950 North Loop West, Suite 500  
Houston, Texas 77092  
22 Telephone: 713.358.5512  
Facsimile: 713.358.5513  
23 E-mail: leesolomonlawfirm.com

24 ALSO PRESENT: Mr. Bruce Eames  
Mr. Andrew Kuharsky  
25 THE VIDEOGRAPHER: Mr. Phillip Thompson

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1 any Quantlab business?

2 A. Yes, I did.

3 Q. And do you remember what, if anything, you  
4 used the stick drive for?

15:43 5 A. I recorded songs, movies.

6 Q. Since your employment with Quantlab ended,  
7 did you take any steps to make sure you don't have any  
8 electronic files or documents that would contain data  
9 that would belong to Quantlab?

15:43 10 A. Yes.

11 Q. What did you do?

12 A. I checked my notebook and I checked my  
13 desktop and I deleted all the files related to  
14 Quantlab.

15:44 15 Q. What actions did you take to delete the  
16 files?

17 A. Just pressed shift delete, just marked all  
18 the files, directories, shift delete. And I did it in  
19 Windows. I did it without putting them in the trash  
15:44 20 basket.

21 Q. And did you do that to the 2005 notebook, the  
22 desktop and the external hard drive?

23 A. I believe so. Because at some point Quantlab  
24 was asking -- specifically asking whether we had all  
15:44 25 the information removed. And we confirmed it with

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1 the lawyer -- with our lawyer.

2 Q. And approximately when did you delete  
3 Quantlab files from the 2005 notebook, the desktop and  
4 the external hard drive?

15:45 5 A. It was either May or June. May or June 2007,  
6 when the request was made.

7 Q. Was it before or after Quantlab filed a  
8 lawsuit?

9 A. I don't remember. I don't mean to sound  
15:46 10 confusing.

11 Q. Was it before or after the lawyers inquired  
12 whether you had done it?

13 A. I think it was before, when they required to  
14 confirm that we don't have any information, that I  
15:46 15 don't have any information, I checked.

16 Q. Sorry. I didn't mean to cut you off.  
17 What -- do you have any paper files or any hard files  
18 or any other files or documents that relate to any of  
19 the work that you were performing while you were  
15:46 20 employed at Quantlab?

21 A. Except these agreements and the table and I  
22 can't think about anything else.

23 Q. What table are you speaking of?

24 A. Profit-sharing distribution.

15:47 25 Q. You have a copy of that?

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1 A. I do. Might have -- might have  
2 correspondence to the -- our correspondence to the --  
3 from the lawyer.

4 Q. And which lawyer would that be?

15:47 5 A. Karen Monroe.

6 Q. And do you have any other documents relating  
7 to the work that you were performing at Quantlab?

8 A. You know, when I was terminated, I was asked  
9 to -- to clean my office. I had short notice. Just  
15:48 10 do it the next day. So I collected everything. I  
11 don't believe that I still have something in those  
12 boxes. I believe no, I don't.

13 Q. You don't have anything that you know of?

14 A. I don't have, yeah, that's correct, that I  
15:49 15 know of.

16 Q. And other than the profit-sharing  
17 distribution spreadsheet that you identified a minute  
18 ago, do you have any other documents relating to the  
19 promises that you are seeking to enforce in this  
15:49 20 lawsuit?

21 A. Let me think about it. Not that I can think  
22 of, no, none.

23 Q. Are you aware of the existence of any other  
24 such documents?

15:49 25 A. No, I'm not.

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1 Q. So you agree with me you have never asked  
2 Mr. Eames to relieve you of your obligations under the  
3 noncompete so you can accept some other position. Is  
4 that correct?

16:06 5 A. I'm sorry.

6 Q. You have never gone to Mr. Eames and said, "I  
7 want to go work at XYZ company. Will you relieve me  
8 of my obligation under the noncompete so I can do  
9 that." Is that correct?

16:06 10 A. He told me about this upon the termination.  
11 So upon the termination -- up until now, I didn't ask  
12 Mr. Eames about allowing me to work somewhere.

13 Q. And is SXP in essence a new financial trading  
14 company that you are creating with Mr. Kuharsky that  
16:07 15 is based on high-frequency trading?

16 A. No, it doesn't. It's not based on  
17 high-frequency trading.

18 Q. Will it do high-frequency trading?

19 A. As now we perceive this company, it's not  
16:07 20 going to do high-frequency trading because as I  
21 explained to you before, we are -- we look for  
22 potential arbitrage opportunities between pairs. Not  
23 only pairs of stock, but pairs of sectors. And on  
24 high-frequencies, there is no correlation between --  
16:07 25 there is not any good signal that predicts a price

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1 movement between sectors, even between stocks. You  
2 cannot invest too much -- the strategy wouldn't be  
3 able to accept too much capital -- reasonable capital.  
4 So the frequencies that they're thinking about would  
16:08 5 be out -- wouldn't be -- would be orthogonal to what  
6 Quantlab does.

7 THE REPORTER: I'm sorry. It would be  
8 what?

9 A. Orthogonal. So we would trade in different  
16:08 10 window of opportunities.

11 Q. So you're going to be looking for arbitrage  
12 opportunities. Is that what you said in general?

13 A. Yes. The whole idea of automated trading --  
14 the whole idea of hedge fund trading is looking for  
16:08 15 market inefficiencies.

16 Q. Is there anything wrong with arbitrage?

17 A. Arbitrage, to my understanding, is the action  
18 of exploiting the -- using the market inefficiencies.

19 Q. Have you ever had a moral problem with  
16:09 20 arbitrage within itself?

21 A. Could you refer to more a specific case or  
22 occasion.

23 Q. No. That was intentionally a general  
24 question. Have you ever felt like that arbitrage is  
16:09 25 morally wrong because it doesn't create any products,



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1 NO. 2007-34953

2 QUANTLAB FINANCIAL, LLC ) IN THE DISTRICT COURT  
3 VS. ) HARRIS COUNTY, TEXAS  
4 ANDRIY (ANDREW) )  
LEONIDOVICH KUHARSKY ) 113TH JUDICIAL DISTRICT

6 NO. 2007-34954

7 QUANTLAB FINANCIAL, LLC ) IN THE DISTRICT COURT  
8 VS. ) HARRIS COUNTY, TEXAS  
9 VITALIY GODLEVSKY ) 125TH JUDICIAL DISTRICT

10 REPORTER'S CERTIFICATION  
11 DEPOSITION OF VITALIY GODLEVSKY  
12 September 6, 2007

13 I, Phyllis Loy, Certified Shorthand Reporter  
14 in and for the State of Texas, hereby certify to the  
15 following:

16 That the witness, VITALIY GODLEVSKY, was duly  
17 sworn by the officer and that the transcript of the  
18 oral deposition is a true record of the testimony  
19 given by the witness;

20 That the deposition transcript was submitted  
21 on 9/26/07 to the witness or to the attorney for  
22 the witness for examination, signature, and return to  
23 me by 10/11/07, 2007;

24 That the amount of time used by each party at  
25 the deposition is as follows:

Sunbelt Reporting & Litigation Services

Houston Austin Corpus Christi Dallas/Fort Worth East Texas

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1 Mr. McInturf - 6 hours, 21 minutes

2 That pursuant to information given to the  
3 deposition officer at the time said testimony was  
4 taken, the following includes counsel for all parties  
5 of record:

6 Mr. Timothy McInturf, Mr. G. Mark Jodon,  
7 Mr. Timothy A. Rybacki, Attorneys for Plaintiff.

8 Mr. Lee Solomon, Attorney for Defendants.

9 I further certify that I am neither counsel  
10 for, related to, nor employed by any of the parties or  
11 attorneys in the action in which this proceeding was  
12 taken, and further that I am not financially or  
13 otherwise interested in the outcome of the action.

14 Further certification requirements pursuant  
15 to Rule 203 of TRCP will be certified to after they  
16 have occurred.

17 Certified to by me this September 24, 2007.

18

19

20

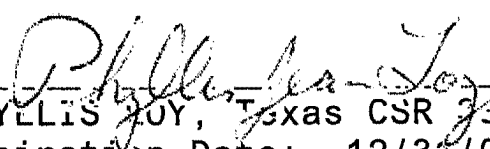
21

22

23

24

25

  
PHYLLIS JOY, Texas CSR 3301  
Expiration Date: 12/31/08  
Firm Registration No. 300  
6575 West Loop South, Suite 580  
Bellaire, Texas 77401  
713.667.0763

## ORAL VIDEOTAPE DEPOSITION OF VITALIY GODLEVSKY

1 FURTHER CERTIFICATION UNDER RULE 203 TRCP

2 The original deposition was/was not returned  
3 to the deposition officer on 10/16/07;

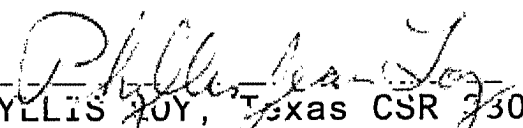
4 If returned, the attached Changes and  
5 Signature page contains any changes and the reasons  
6 therefor;

7 If returned, the original deposition was  
8 delivered to Mr. Timothy McInturf Custodial Attorney;

9 That \$1169.00 is the deposition officer's  
10 charges to the Plaintiff for preparing the original  
11 deposition transcript and any copies of exhibits;

12 That the deposition was delivered in  
13 accordance with Rule 203.3, and that a copy of this  
14 certificate was served on all parties shown herein on  
15 11/15/07 and filed with the Clerk.

16  
17 Certified to by me this 15<sup>th</sup> day of  
18 November, 2007.

19  
20  
21  
22   
23 PHYLLIS JOY, Texas CSR 3301  
24 Expiration Date: 12/31/08  
25 Firm Registration No. 300  
6575 West Loop South, Suite 580  
Bellaire, Texas 77401  
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